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DEPARTMENT FOR CA/OCS/PRI, L/CA AND L/CID  
USDOC FOR OGC, THOFFMAN/ITA/MAC/AMESA/OME/MCLORY, AND  
3131//USFCS/OIO/RD/ANESA/HVINEYARD/GLITMAN/ST AUHIDI

E.O. 12958: N/A  
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SUBJECT: REQUEST FOR GUIDANCE ON ADVOCACY REQUEST BY U.S.  
COMPANY

REF: 7 FAM 670

This message is Sensitive but Unclassified. Contains company  
proprietary information. Not for internet distribution.

11. (SBU) Summary and Action Request: Embassy requests L  
guidance on how to respond to a request from U.S. investor  
IAG Manufacturing, a bankrupt manufacturer of body armor, for  
USG assistance in addressing the "injustice" it claims it has  
suffered as a result of the Moroccan legal system's failure  
to prevent its dismissed former manager from filing a series  
of "baseless" claims against its local subsidiary. Those  
claims have kept the company from enjoying clean title to its  
remaining buildings and property in Tangier, Morocco, and  
made it impossible for it to sell those assets and liquidate  
its business in Morocco. The company also claims that its  
former lawyer is improperly attempting to force sale of that  
land and building to settle an alleged debt of 6,000 USD,  
when in fact he has already enforced liens on 200,000 USD in  
equipment in payment of the 45,000 USD the company owed him  
after his dismissal. The Embassy had earlier indicated that  
the company should seek resolution of the dispute through the  
Moroccan courts; the company now alleges that the Moroccan  
justice system has shown that it is incapable of providing  
such resolution. End Summary and action request.

12. (SBU) IAG Manufacturing, a Moroccan subsidiary of Second  
Chance Armor (which we understand is the subject of USG  
litigation in the United States), has sought Embassy and USG  
support for several years. The company alleges a protracted  
campaign of legal harassment against it by its former  
manager, whom it dismissed for fraud several years ago. The  
company has emerged victorious in each case at significant  
expense, but once one case is resolved, a new case is filed  
against it, forcing it again to go through time-consuming and  
expensive litigation. IAG notes that when it sought to reach  
a negotiated settlement with its former manager in which he  
would drop all his cases against the company, if it dropped  
its cases against him, he agreed, provided the company also  
made an additional 50,000 USD payment. The company demurred,  
believing it had already paid him more than they should have.  
Adding to IAG's difficulties is the fact that it also had a  
falling out with its attorney, and dismissed him in 2005.  
Thereafter, according to the company, the lawyer, who it  
conceded was still owed 45,000 USD, was successful in placing  
a lien on and seizing equipment worth 200,000 USD to cover  
the debt. IAG now indicates that the lawyer is seeking to  
seize its remaining land and building to cover an alleged  
additional debt of 6,000 USD.

13. (SBU) Over the years, FCS has tried to assist the company,

providing counseling on resolving the matter without directly intervening in the legal dispute. This led to some early successes, as a number of the initial court cases were won. As the legal process has dragged on, however, the company has renewed its request for more direct Embassy advocacy, arguing that the Moroccan legal system has shown that it is manifestly incapable of providing it with due process or preventing a campaign of frivolous legal harassment against it. It has also requested that its former lawyer be removed from the Consulate's list of lawyers. We have rebuffed the latter request, noting that such action is only possible if he has been disbarred or otherwise censured by either Moroccan courts or the Moroccan bar association. The company has expressed unhappiness with this decision, and continues to press for Embassy support against the legal "injustice" it faces.

14. (SBU) Comment and action request: Like the Moroccan bureaucracy, the Moroccan legal system can be convoluted and difficult. Lawyers we have spoken to about the system generally concede that it does not provide an effective mechanism for winnowing out cases and dismissing those that are without merit at an early stage. Hence when confronted with a determined opponent, a foreign company (or indeed any company) can be forced into protracted and costly litigation.

Given the charges and the countercharges that are flying between IAG and its former partners and lawyer, we remain steadfast in our reluctance to become involved in the substance of the case. Our question regards instead L's view of whether it is possible to make a broader representation to the Moroccan government about the troubling pattern that is apparent in the Moroccan courts' inability to provide final resolution to the dispute. End comment and action request.

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Visit Embassy Rabat's Classified Website;

<http://www.state.sgov.gov/p/nea/rabat>

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Bush